

# Utility to delay coal-fired plant

## Sierra Pacific to first build natural-gas facility

By JOHN G. EDWARDS

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The giant, controversial Ely Energy Center, a coal-fired power plant planned for Northern Nevada, will be delayed because of regulatory review, Nevada Power said Wednesday.

To keep pace with Southern Nevada growth, Nevada Power Co.'s parent company, Sierra Pacific Resources, said it plans to build a new natural gas-fired power plant first and the Ely project second, pending regulatory approval.

The holding company said the decision to delay the controversial coal-fired plants stems from delays in obtaining final approval from the Bureau of Land Management, which controls federal land where the Ely plant is proposed.

BLM's Ely office had expected issue an environmental impact statement for the Ely project by summer 2008 but no longer expects to meet that deadline, said Michael Yackira, CEO of Sierra Pacific Resources.

The BLM office is looking at two other coal-fired projects proposed by independent power developers as well as a pipeline being proposed by the Southern Nevada Water Authority to carry Northern Nevada water to Las Vegas.

Because of the delay, the utility company no longer expects to complete the first of two planned 750-megawatt units at Ely by 2011. The company has not set a new deadline for the first unit at Ely.

While the power company remains committed to building the Ely coal plant, Yackira said Nevada Power will need an additional power plant in the meanwhile to keep up with rapid growth in Southern Nevada.

To meet those needs, Nevada Power will speed plans to build a 500-megawatt expansion at the Harry Allen Generating Station located 35 miles north of Las Vegas, Yackira said.

Nevada utilities were forced to buy wholesale power during the Western energy crisis of 2000 and 2001. Since then, the company and the Public Utilities Commission have planned to build utility-owned plants to reduce reliance on wholesale markets.

The proposed Ely plant is part of that drive but it is also meant to reduce the utility's reliance on natural gas, which has had volatile prices in recent years and has led to rate increases.

The plan "was to build coal first and build gas second because we are so reliant on natural gas," Yackira said. Now, the schedule is reversed, he said, with the gas-fired plant coming first.

Yackira had no estimate of the gas-fired plant's cost. He acknowledged that the regulatory delay will probably increase costs for the \$3.8 billion Ely center and a related transmission line.

Charles Benjamin, Nevada office director of Western Resource Advocates, said it appears that the project's costs could increase by 40 percent as China and India boost demand for steel, copper and boilers for their own coal plant projects.

"I personally don't see how Sierra Pacific can be immune from the cost increases" experienced by other countries and companies that are developing coal plants, Benjamin said.

"All the while, it appears that we do need some generation, and natural gas generation may be a viable option," said consumer advocate Eric Witkoski, who has expressed concerns about carbon dioxide emissions and other risks associated with the proposed project.

Benjamin leads a coalition of environmental groups who oppose coal-fired plants in Nevada, because of concerns that carbon dioxide emissions from the coal plants will contribute to global warming.

"I hope that Sierra Pacific will use this opportunity to fully explore development of renewable energy," Benjamin said, referring to solar, wind and geothermal resources.

Sen. Harry Reid, D-Nev., has also been an outspoken critic of plans for the coal plant.

Contact reporter John G. Edwards at [jedwards@reviewjournal.com](mailto:jedwards@reviewjournal.com) or (702) 383-0420.